

# RIBBLE VALLEY BOROUGH COUNCIL

## REPORT TO ECONOMIC DEVELOPMENT COMMITTEE

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Agenda Item No 7

meeting date: 1 FEBRUARY 2018  
title: ORIGINAL REVENUE BUDGET 2018/19  
submitted by: DIRECTOR OF RESOURCES  
principal author: AMY JOHNSON

### 1 PURPOSE

- 1.1 To agree the draft revenue budget for 2018/19, for consideration at Special Policy and Finance Committee.

### 2 BACKGROUND - COUNCIL'S OVERALL FINANCIAL POSITION

- 2.1 In September we updated the Council's Budget Forecast which predicted budget gaps as follows: £774k in 2018/19, £956k in 2019/20, £1,139k in 2020/21.
- 2.2 In October 2016 this Council submitted an Efficiency Plan to the Government in order to secure a multi year finance settlement. We were notified on 16 November 2016 that we are now formally on the multi-year settlement and can expect to receive the allocations published as part of the 2016/17 local government finance settlement in 2017/18, 2018/19 and 2019/20.
- 2.3 On 19 December we were informed of the provisional Local Government Finance Settlement for 2018/19. As anticipated the figures provided previously in the multi-year settlement will be honoured. Additionally, the Government announced that our Rural Services Delivery Grant will not be reduced to £66,618 as previously indicated, but will instead remain at £86,603, as received in 2017/18.

### 3 BUDGET WORKING GROUP

- 3.1 The Budget Working Group have been undertaking detailed reviews over the past few months of the various funding streams of the council. These have particularly focused on Business Rates, New Homes Bonus and Council Tax. This will be further reviewed now that the full details of the individual committee budgets have been calculated, and once the Local Government Finance Settlement has been announced.

### 4 BUDGET PROCESS

- 4.1 Presented to committee for decision in October were the proposed fees and charges for 2018/19. The consequential impact of these approved fees and charges have been incorporated in to the service budgets shown within this report.
- 4.2 Following a great deal of in-depth service analysis and meetings with regard to this committees budgets by the council's accountants, budget holders, heads of service and management team, a proposed draft budget is now presented to members. This budget is agreed as that which best reflects the services of this committee for the next financial year.

4.3 When all committees have approved their detailed estimates the overall position will be considered by Budget Working Group.

4.4 The Budget Working Group will then make recommendations in order to produce a balanced budget for consideration at the Special meeting of Policy and Finance Committee. The final budget report will then be presented to Full Council, at which point the Council Tax for 2018/19 will also be approved.

## 5 2018/19 DRAFT REVENUE BUDGET

5.1 As far as your budget is concerned, the estimates have been prepared on the current levels of service, and they allow for pay and price increases at 2%.

5.2 Within this report the budget is shown in the same manner in which they are reviewed. Each costs centre within the report is shown individually. Behind each costs centre is a great deal more subjective level detailed budgets, but for the purposes of this report they are summarised in to the standard local government CIPFA Service Reporting Code of Practice basis.

- **Employee Related:** this group includes the cost of employees, both direct and indirect to the council.
- **Premises Related:** this group includes expenses directly related to the running of premises and land.
- **Transport Related:** this group includes all costs associated with the provision, hire or use of transport, including travelling allowances.
- **Supplies and Services:** this group includes all direct supplies and service expenses to the council.
- **Third Party Payments:** a third party payment is a payment to an external provider which is operating independently, in return for the provision of a service.
- **Transfer Payments:** this includes the cost of payments to individuals for which no goods or services are received in return by the local authority. A key item here would be the payment of housing benefits.
- **Support Services:** charges for services that support the provision of services to the public. At this council the main support service cost is the support from staff based at the council offices building and the building's associated cost.
- **Depreciation and Impairment:** this is the revenue impact of capital items shown in the service revenue accounts of the council.
- **Income:** this includes income from fees and charges, grants, donations and contributions. Also shown here is the associated 'income' to a support service from the redistribution of its costs to those providing services to the public

5.3 As you will see, the draft proposed budget for 2018/19 for each service area is also built up looking at a number of stages. The starting point is the base budget, being the Original Estimate for the current financial year. A summary of the various elements is given below.

- **Original Estimate 2017/18:** This represents the base budget for the council and assumes no change in service level from that set for the previous year's original estimate.
- **Savings:** Here any savings or additional income that is identified from past service experience or trends would be brought in to the budget to adjust the base budget.
- **Inflation at 2%:** The budget forecast allows for inflation on pay and prices at 2% (with some exceptions such as grants). This is where that general allowance for inflation is brought in to the individual budget areas.
- **Variation to Standard Budgeted Inflation %:** Inevitably, as we undertake detailed work on the budget it becomes evident that there are some items of income or spend that experience a greater or lower level of inflation. This is where we adjusted for those differing levels of inflation. An example is energy costs.
- **Unavoidable Changes to Service Costs:** This relates to changes to a service, for example where costs are demand driven. In past years items included under the new 'Savings' heading were also included here.
- **Support Services:** Any changes that relate to the recharging of support service costs are included in this column.
- **Capital:** Any changes relating to depreciation and impairment are included in this column
- **DRAFT Original Estimate 2018/19:** The final column is the total of all preceding columns and is constructed from the base budget and any necessary changes to the base that are needed. If approved this will then form the base budget in next year's budget process.

5.4 Detailed in the following section of the report are the individual budget areas under this committee. Shown are the movements from the 2017/18 Original Estimate, to the DRAFT Original Estimate for 2018/19. Comments are also provided on the main variances.

## 6 COMMITTEE SERVICE ESTIMATES

## 6.1 Cost Centre and Description ALBNM: Albion Mill

The Council leases industrial units at Albion Mill, Clitheroe and sublets these to tenants

	Original Estimate 2017/18	Savings	Inflation at 2%	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2018/19
Premises Related Expenditure	32,160		640	-640				32,160
Supplies & Services	1,750		40					1,790
Support Services	4,920		90			-1,040		3,970
<b>Total Expenditure</b>	<b>38,830</b>	<b>0</b>	<b>770</b>	<b>-640</b>	<b>0</b>	<b>-1,040</b>	<b>0</b>	<b>37,920</b>
Customer & Client Receipts	-37,830		-760	260				-38,330
<b>Total Income</b>	<b>-37,830</b>	<b>0</b>	<b>-760</b>	<b>260</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-38,330</b>
<b>Net Expenditure</b>	<b>1,000</b>	<b>0</b>	<b>10</b>	<b>-380</b>	<b>0</b>	<b>-1,040</b>	<b>0</b>	<b>-410</b>
<b>Net After Earmarked Reserves</b>	<b>1,000</b>	<b>0</b>	<b>10</b>	<b>-380</b>	<b>0</b>	<b>-1,040</b>	<b>0</b>	<b>-410</b>

**ALBNM: Albion Mill****Commentary on Substantial Budget Changes****Support Services**

Reduced support service recharges in particular from Financial Services due to a reassessment of time allocations.

6.3 **Cost Centre and Description** INDDV: Economic Development

This budget covers costs for economic development and regeneration works, including projects, partnership work and joint working, to support, maintain and enhance the local community.

	Original Estimate 2017/18	Savings	Inflation at 2%	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2018/19
Premises Related Expenditure	460		10	-10	-460			0
Supplies & Services	20,120		400					20,520
Support Services	85,930		1,710	-110	-50	55,990		143,470
<b>Total Expenditure</b>	<b>106,510</b>	<b>0</b>	<b>2,120</b>	<b>-120</b>	<b>-510</b>	<b>55,990</b>	<b>0</b>	<b>163,990</b>
<b>Net Expenditure</b>	<b>106,510</b>	<b>0</b>	<b>2,120</b>	<b>-120</b>	<b>-510</b>	<b>55,990</b>	<b>0</b>	<b>163,990</b>

**INDDV: Economic Development**

**Commentary on Substantial Budget Changes**

**Support Services**

Recharge from the new Planning and Economic Development Department (which falls under Planning and Development Committee). 50% of expenditure from this department is recharged to this service area.

6.5 **Cost Centre and Description**      TURSM: Tourism and Events

The budget covers marketing the Ribble Valley as a visitor destination by promoting the borough at various trade fairs and events, for example wedding fairs and travel shows. The production of key publications (both online and in print) such as the visitors guide and Ribble Valley Wedding Heaven also fall within this service area.

	Original Estimate 2017/18	Savings	Inflation at 2%	Variation to Standard Budgeted Inflation %	Unavoidable Changes to Service Costs	Support Services	Capital	DRAFT Original Estimate 2018/19
Premises Related Expenditure	1,970		40					2,010
Transport Related Expenditure	120		0		-50			70
Supplies & Services	29,270		590	-100	150			29,910
Support Services	78,900		1,570			-2,580		77,890
<b>Total Expenditure</b>	<b>110,260</b>	<b>0</b>	<b>2,200</b>	<b>-100</b>	<b>100</b>	<b>-2,580</b>	<b>0</b>	<b>109,880</b>
Customer & Client Receipts	-3,160		-60					-3,220
<b>Total Income</b>	<b>-3,160</b>	<b>0</b>	<b>-60</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3,220</b>
<b>Net Expenditure</b>	<b>107,100</b>	<b>0</b>	<b>2,140</b>	<b>-100</b>	<b>100</b>	<b>-2,580</b>	<b>0</b>	<b>106,660</b>

**TURSM: Tourism and Events**

**Commentary on Substantial Budget Changes**

**Support Services**

Reduced support service recharges in particular from Community Services and Chief Executives due to a reassessment of time allocations.

7 SUMMARIES

7.1 The draft budget is summarised in two ways. One over the cost of the service provided by the committee (objective). The other is over the type of expenditure and income (subjective)

<b>Cost Centre and Description</b>	<b>Original Estimate 2017/18</b>	<b>Savings</b>	<b>Inflation at 2%</b>	<b>Variation to Standard Budgeted Inflation %</b>	<b>Unavoidable Changes to Service Costs</b>	<b>Support Services</b>	<b>Capital</b>	<b>DRAFT Original Estimate 2018/19</b>
ALBNM: Albion Mill	1,000		10	-380		-1,040		-410
INDDV: Economic Development	106,510		2,120	-120	-510	55,990		163,990
TURSM: Tourism and Events	107,100		2,140	-100	100	-2,580		106,660
<b>Grand Total</b>	<b>214,610</b>		<b>4,270</b>	<b>-600</b>	<b>-410</b>	<b>52,370</b>		<b>270,240</b>

**b) Type of Expenditure/Income (Subjective)**

	<b>Original Estimate 2017/18</b>	<b>Savings</b>	<b>Inflation at 2%</b>	<b>Variation to Standard Budgeted Inflation %</b>	<b>Unavoidable Changes to Service Costs</b>	<b>Support Services</b>	<b>Capital</b>	<b>DRAFT Original Estimate 2018/19</b>
<b>Premises Related Expenditure</b>	34,590		690	-650	-460			34,170
<b>Transport Related Expenditure</b>	120		0		-50			70
<b>Supplies &amp; Services</b>	51,140		1,030	-100	150			52,220
<b>Support Services</b>	169,750		3,370	-110	-50	52,370		225,330
<b>Total Expenditure</b>	<b>255,600</b>	<b>0</b>	<b>5,090</b>	<b>-860</b>	<b>-410</b>	<b>52,370</b>	<b>0</b>	<b>311,790</b>
<b>Customer &amp; Client Receipts</b>	-40,990		-820	260				-41,550
<b>Total Income</b>	<b>-40,990</b>	<b>0</b>	<b>-820</b>	<b>260</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-41,550</b>
<b>Net Expenditure</b>	<b>214,610</b>	<b>0</b>	<b>4,270</b>	<b>-600</b>	<b>-410</b>	<b>52,370</b>	<b>0</b>	<b>270,240</b>

## 8 KEY VARIATIONS

- 8.1 The net expenditure for this committee has increased by £55,630 after allowing for associated movements on earmarked reserves. The main reasons for this net increase are summarised in the table below.

Description	Variance Original Estimate 2017/18 to DRAFT Original Estimate 2018/19
<b>INDDV: Economic Development</b> Expenditure incurred in the Planning and Economic Development Department (under Planning and Development Committee) is recharged out to other departments. 50% of the recharge falls on Economic Development.	52,310

## 9 RISK ASSESSMENT

- 9.1 The approval of this report may have the following implications

- Resources: approval of the original budget for 2018/19 would see an increase in net expenditure of £55,630 compared with the original budget for 2017/18. There are no transfers to or from earmarked reserves budgeted for this committee in 2018/19.
- Technical, Environmental and Legal: none identified
- Political: none identified
- Reputation: sound financial planning safeguards the reputation of the Council
- Equality and Diversity – Equality and diversity issues are considered in the provision of all Council services.

## 10 RECOMMENDED THAT COMMITTEE

- 10.1 Approve the revenue original estimate for 2018/19 and to submit this to the Special Policy and Finance Committee.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

ED2-18/AJ/AC  
18 January 2018

For further background information please ask for Amy Johnson  
BACKGROUND PAPERS - None